

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - SPECIAL SESSION COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIR DAVE LEWIS**, on July 26, 2002 at 10:15 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Dave Lewis, Chair (R)
Rep. Edith Clark, Vice Chair (R)
Rep. Matt McCann, Vice Chair (D)
Rep. John Brueggeman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Rep. Tim Callahan (D)
Rep. Bob Davies (R)
Rep. Stanley (Stan) Fisher (R)
Rep. Dick Haines (R)
Rep. Donald L. Hedges (R)
Rep. Joey Jayne (D)
Rep. Dave Kasten (R)
Rep. Christine Kaufmann (D)
Rep. Monica Lindeen (D)
Rep. Jeff Pattison (R)
Rep. John Sinrud (R)
Rep. Joe Tropila (D)
Rep. John Witt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Taryn Purdy, Legislative Branch
Mary Lou Schmitz, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted:	HB 6	7/19/2002
	HB 7	7/19/2002
	HB 8	7/19/2002
	HB 12	7/19/2002

Executive Action: HB 1 Do Pass 18-0
 HB 3 Do Pass As Amended 12-6
 HB 4 Do Pass 10-8
 HB 6 Do Pass 18-0
 HB 7 Do Pass 16-2
 HB 8 Do Pass As Amended 18-0
 HB 12 Do Pass 12-6

Chairman Lewis opened the meeting with announcements and the agenda for the day.

HEARING ON HB 6

Sponsor: **Representative Sylvia Bookout-Reinecke, HD 71** explained the Bill which would relate to state-owned motor vehicles used for official business and reimbursement for private motor vehicle use by state officers or employees, establishing motor vehicle mileage reimbursement for other authorized travel. If an employee has to go out of town for a meeting and a motor-pool car is available and he chooses to drive his own car for personal reasons, such as family vacations etc., he only gets the motor pool rate, about .18 cents a mile. This process will save over \$400,000. There is also an amendment to the Bill **EXHIBIT(aph-7a01)** to include legislators on legislative business. They still get their full reimbursement to come to the legislature.

Proponents: None

Opponents: None

Informational Witness: **Dave Galt, Director, Department of Transportation** said the only concern he has is when you tie this to the motor pool rate, that rate is different for every vehicle. What he is suggesting is the committee consider on line 23; instead of tying it to a motor pool rate, tie it to a percentage of the Internal Revenue Service rate. The Department is suggesting 52%. The motor pool rates were averaged out to around .17 cents or .18 cents a mile.

The second suggestion is on line 27 which states the motor pool being responsible to determine whenever there is availability or unavailability of a car. The motor pool can certainly do that and has done that when they are in Helena but it makes it difficult for somebody in Helena to figure that out if they are in Billings so they should leave that up the employee's supervisor if they are not at the Helena location. He offers the above in an amendment.

Questions from Committee Members and Responses: In answer to a question from Representative Lindeen, Representative Bookout-Reinicke said the legislators would get the full rate for travel to the session and back home, but it would apply only during the session. If they wanted to go to another place during the session, then they would only get the .18 cents.

Representative Buzzas asked how many cars are in the motor pool? **Director Galt** said they have a significant number of cars and a significant change as to how the motor pool is managed over the years to where they turn over the cars on a frequent basis as it increases re-sale value. They have an overflow rental contract agreement with private sector rental car agencies. The motor pool was designed to provide a service. If a car is not available in the town where they live, they can get one assigned.

Under the law today, if an employee is located where there is no state car available, they get the higher rate of reimbursement.

Chairman Lewis said the motor pool rate will still be 52% of the motor pool as long as there is a motor pool car available, if the amendment is adopted. **Director Galt** said it is his understanding if the committee adopts the amendment, it is going to be 52% of the low rate allowed by the Internal Revenue Service which is equal to the average motor pool rate.

In reference to a concern by **Representative Buzzas**, **Representative Bookout-Reinicke** referred to lines 25 and 26 of page 1. "When a privately owned motor vehicle is used because a government-owned or leased motor vehicle is not available or because the use is in the best interest of the governmental entity" so their supervisor can say who will continue to receive the .36 cents a mile.

Valencia Lane, Legal Advisor, said she did not know what the actual language of the contracts are but the state rate is approximately .36 cents if you use a state car; .18 cents if you use your own and a state car is available and you choose not to use it.

Closing by Sponsor: Representative Bookout-Reinicke closed the Hearing on HB 6.

EXECUTIVE ACTION ON HB 6

Motion: REP. TROPILA moved that HB 6 DO PASS.

Motion/Vote: REP. TROPILA moved that HB 6 BE AMENDED.
HB000601.alh EX. 1. Motion carried unanimously.

Motion/Vote: REP. TROPILA moved that HB 6 BE AMENDED.
HB000601.atp EXHIBIT(aph-7a02). Motion carried unanimously.

Motion/Vote: REP. TROPILA moved that HB 6 DO PASS AS AMENDED.
Motion carried unanimously.

HEARING ON HB 12

Sponsor: Representative Dave Kasten, HD 99 said this Bill will impose a hiring freeze on state government during FY 2003.

Proponents: Curtis Nichols, Assistant Director, Budget and Program Planning Office said this Bill would allow the authority for each branch of government to approve any hiring. All positions would not be allowed to be filled without an approval in writing. This does not apply to the Montana university system.

Opponents: Eric Feaver, MEA/MFT rose in opposition to cuts by this Committee and would suggest reasons why taxes need to be raised.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 28.6}

Questions from Committee Members and Responses: Representatives Buzzas, Fisher, McCann, to Sponsor concerning the university system. Mr. Nichols said they exempted the university system because the bulk of their employees, in term of pay, are contract employees. They assumed the hiring freeze would not be effective. This Bill would not require them to approve in writing any hiring.

In response to Representative Callahan's statement that currently there are over 400 vacant positions and under this, those wouldn't be filled without the director of the department determining hiring. Representative Kasten said that is correct. Representative Callahan asked about positions currently filled and if one of those need to be replaced. Mr. Nichols said yes, it would impact positions that become vacant. Any hiring would have to be approved.

Closing by Sponsor: Representative Kasten closed the Hearing on HB 12.

EXECUTIVE ACTION ON HB 8

Motion: REP. LEWIS moved that HB 8 DO PASS.

Motion/Vote: REP. LEWIS moved that HB 8 BE AMENDED.
HB000801.atp **EXHIBIT**(aph-7a03) Motion carried unanimously.

MotionVote: REP. LEWIS moved that HB 8 DO PASS AS AMENDED.
Motion carried unanimously.

EXECUTIVE ACTION ON HB 2 AMENDMENTS

Motion/Vote: REP. LEWIS moved a conceptual amendment HB 2 BE AMENDED, funding switch for Museum Program, Historical Sites, Library Archives Program, Publications, Museum of the Rockies. Motion carried unanimously.

Motion/Vote: REP. LEWIS moved that the Committee submit a Committee Bill to authorize this transfer (Motor Vehicle Division)and require a 3/5 vote. Motion carried unanimously.

Motion/Vote: REP. CLARK moved that HB 2 BE AMENDED, to the Department of Health and Human Services, the Disability Services and Voc Rehab Services and transfer the amount of \$1,965,199 from the general fund to the general fund. Motion carried unanimously.

Motion/Vote: REP. CLARK moved that HB 2 BE AMENDED to accept the fund switch for DOLI Job Services Division in the amount of \$889,791 be transferred to the general fund. Motion carried unanimously.

Motion: REP. BUZZAS moved that HB 2 BE AMENDED. HB000203.aty
EXHIBIT(aph-7a04)

{Tape : 1; Side : B; Approx. Time Counter : 0 - 29.5}

Discussion: Representative Buzzas said this amendment terminates the Youth Challenge program by providing fiscal 2003 funding for only three months of expenditures which would mean it would carry it through August of this fiscal year, based on fiscal 2002 expenditures. This amendment also restricts the funding to ensure any unused amount is reverted to the general fund.

Representative Davies opposes the amendment as he supports the program without reservation.

Representative Fisher asked **Representative Buzzas** if she is familiar with the program. She said yes.

At the request of **Representative Fisher, Steve Hulbert, Chancellor, University of Montana Western, Dillon** said the Challenge Program has a major impact on that Institution and is a successful program. This program has an extraordinary impact on Montana and the kids that are being served. It is one way to help those individuals.

Representative Buzzas closed.

Vote: Buzzas Amendment HB000203.aty failed 2-16 with Representatives Buzzas and Kaufmann voting yes.

Motion: REP. LEWIS moved that HB 2 BE AMENDED to accept the funding switch for the Challenge Program.

In response to a question from **Representative McCann, Todd Younkin, Legislative Fiscal Division**, said the Employment insurance taxes the employer's pay, .013 % of that is diverted into the Employment Security Account and is used by the Department of Labor and Industry primarily for employment service programs. **Kevin Braun, Department of Labor and Industry**, said the fund balance that is in the Employment Security Account is used to provide a funding source for the Job Service Offices, primarily. This is a funding switch.

Vote: Lewis amendment for the Challenge Program passed 17-1 with Representative Buzzas voting no.

EXECUTIVE ACTION ON HB 4

Motion: REP. KASTEN moved that HB 4 DO PASS.

Discussion: **Representative Kaufmann** opposed the Bill and goes against the intent of the constitutional provision that these funds be directed to public education. The result of this will be an increase in local property taxes because that is the only way schools will continue to be funded. This is simply a tax switch.

Representative Buzzas spoke in opposition also.

{Tape : 2; Side : A; Approx. Time Counter : 0 - 28.3}

Representatives Jayne, Lindeen spoke in opposition to the Bill.

Representative Kasten closed.

Vote: HB 4 DO PASS 10-8 with Representatives Buzzas, Callahan, Haines, Jayne, Kaufmann, Lindeen, McCann and Tropila voting no.

Vice Chair Clark presided at this point.

HEARING ON HB 7

Sponsor: Representative Dave Lewis, HD 55 explained the Bill through the fiscal note. The net impact on the general fund balance is to increase the general fund balance by \$46 million. Basically what happened was last session SB 495 was passed. It set up the process and is explained briefly in the ASSUMPTIONS of the fiscal note. That Bill allowed them, in effect, to borrow into the coal trust and use that money to guarantee a full revenue from state lands that they used to put some extra money into the school programs. The downside was the Auditors looked at it and said the way it is set up, they have booked a \$46 million liability to the general fund on their financial statements. HB 7 addresses that and the Auditors helped with the Bill. By moving all the school money into a dedicated revenue fund, then that liability will be carried in that dedicated revenue fund instead of the general fund. It cleans up the way SB495 works and it may reduce the risk of litigation over SB 495 as it exists at the present time.

Proponents: Chuck Swysgood, Director, Office of Budget Program and Planning

Opponents: None

Questions from Committee Members and Responses: Representative Kaufmann asked Director Swysgood if he checked with the Office of Public Instruction in his deliberations on this change? Mr. Swysgood said he checked with everyone involved.

In response to a question from Representative Kaufmann, Kathy Fabiano, Office of Public Instruction said it causes them no problem.

In response to a question from Representatives Buzzas, Representative Lewis said they are going to be spending less general fund on education if this passes. They will be setting some of this money aside into a dedicated revenue fund. That money is dedicated by law and can only be spent on K-12 so schools are not going to lose. This takes some revenue that now goes to the general fund, appropriated for schools, and moves it

into a dedicated revenue account. There are no plus or minuses involved.

Representative Jayne asked for the reason for the need to change the guarantee account to dedicated school revenue fund. **Mr. Nichols, Office of Budget Program and Planning**, said the name change reflects the fact that they have gone beyond just the funds that are in a guarantee account that was established under SB 495. They have included the rest of the dedicated, either constitutionally or statutory funds into the state special account, so it is a little broader account and thought it would be more appropriate. It could be named a number of different names. They just chose "dedicated school revenue" because it was a broad name that reflected what the account could be.

Closing by Sponsor: **Representative Lewis** closed the Hearing on HB 7.

EXECUTIVE ACTION ON HB 7

Motion: REP. LEWIS moved that HB 7 DO PASS.

Discussion: Representatives McCann and Callahan

{Tape : 2; Side : B; Approx. Time Counter : 0 - 28.2}

Vote: HB 7 DO PASS 16-2 with Representatives Buzzas and Jayne voting no.

Representative Lewis referred to Alcohol Tax for Medicaid which has an amendment HB000216.als, to HB 2 which was explained by **Lois Steinbeck, Legislative Fiscal Division**. He said they will take a short amount of testimony.

Kristi Blazer, Representing Rimrock Foundation, which is a facility in Billings that provides chemical dependency treatment and mental health care. Their reasons for concern are both historical and the consequences of what is being proposed. In 1979 the alcohol excise tax money was first earmarked for treatment of alcohol. In 1979 to the present, these 27 programs around the state, in all 56 counties, have been living within their means off of this alcohol excise tax money. Now it may result in the closure of some programs.

Mona Jamison, Lobbyist, Boyd Andrew Community Services said to her this represents compromise and everybody has given something up so they are looking at a solution for the remainder of this biennium. The funding mechanism will keep the alcohol taxes

going to the programs but allowing the Department to leverage and see what they can do to increase other funds. She does support this.

Dan Anderson, Department of Public Health and Human Services said this allows the general fund to be relieved of \$1 million. It still guarantees that the programs will get the \$1 million that is currently guaranteed in law. Of that \$1 million, at least \$730,000 will be distributed the same way as the \$1 million was before.

Senator Mignon Waterman, SD 26, Helena said she was the sponsor of the Bill during the last legislative session. She was looking for a way to allow for the treatment of people with dual diagnoses, alcoholism and mental health treatment. She tried to project \$1 million last session to see that programs could use it for anybody, so it wasn't tied categorically. She urged the Committee's support for the amendment.

Questions from the Committee: Representatives Buzzas, Jayne, McCann to Mr. Anderson

{Tape : 3; Side : A; Approx. Time Counter : 0 - 29.2}

Representatives McCann, Fisher, Buzzas, **EXHIBIT**(aph-7a05) Tropila, Jayne to Ms. Blazer, Ms. Steinbeck, Ms. Jamison.

Roger Curtiss, Montana Association of Service Providers, MASP, Great Falls spoke as a proponent.

Motion/Vote: REP. CLARK moved that HB 2 BE AMENDED HB000216.als **EXHIBIT**(aph-7a06). Motion carried unanimously.

Motion: REP. LEWIS moved that HB 2 BE AMENDED HB000281.apj. **EXHIBIT**(aph-7a07)

Discussion: Representative Kaufmann to Representative Lewis.

In response to a question from **Representative Fisher, Valencia Lane, Legal Staff** said the recommendation of the legal staff is that the Montana University system should not be subject to the freeze in HB 12. The reason is simply the constitutional provisions that set up the university system, so for that reason it is recommended they not be included in the freeze.

Discussion: Representatives Buzzas, Jayne, Davies, Lindeen, McCann to Representative Lewis for clarification.

Vote: Lewis Amendment HB000281.apj passed 11-7 with Representatives Buzzas, Callahan, Haines, Jayne, Kaufmann, Lindeen, Tropila voting no.

Motion: REP. LINDEEN moved that HB 2 BE AMENDED. HB000201.apj EXHIBIT(aph-7a08)

{Tape : 3; Side : B; Approx. Time Counter : 0 - 28.7}

Discussion: Representative Lindeen said her amendment restricts the appropriation to the Agricultural Experiment Station, the Extension Service, and the Fire Services Training School for the purposes of those programs.

Taryn Purdy, Legislative Fiscal Division said the legal staff is checking whether or not you can restrict those appropriations. In regard to the other portion of the amendment, what the amendment just passed did was to take the money out of the lump sum, those agencies are not part of the lump sum. Theoretically, the agencies have not had their budgets reduced by that last amendment so they are still at the level they were at after the first round of government cuts last June.

Pam Joehler, Legislative Fiscal Division, said, in her discussion with Greg Petesch, Legal Director, concerning whether line items could be restricted, he said yes, they can be if they become a form of a condition to the appropriation once accepted.

Representative Lewis said, if he understands correctly, the Regents would have to hold those agencies harmless from those cuts if the amendments are adopted. Ms. Joehler said the funds that were being included in HB 2, the dollar amount of the funds in the line items, the restricted tag associated with them, those funds cannot be used anywhere else and if spent, would have to be spent for those agencies.

Representative Buzzas opposed the amendment.

Representative Davies said, concerning the Constitutional issue, yes, the Board of Regents has power to control the University system with what the legislature gives them. The Legislature has the sole authority, under the Constitution, to appropriate money and the sole authority to decide how much money it shall be.

Discussion: Representatives Kaufmann, Davies, Buzzas, Witt, Fisher, Jayne, Lindeen concerning the legislative authority over the University system. Pam Joehler, Legislative Fiscal Division, explained saying in HB 2, under the Section for Higher Education,

there are separate line item appropriations for these particular agencies. There are separate appropriation for the Agriculture Experiment Station, the Extension Service, and the Fire Services Training School.

Representative Lindeen closed.

Vote: LINDEEN Amendment HB000201.apj passed 15-3 with Representatives Buzzas, Callahan and Kaufmann voting no.

EXECUTIVE ACTION ON HB 3

Motion: REP. KASTEN moved that HB 3 DO PASS.

Motion/Vote: REP. KASTEN moved that HB 3 BE AMENDED with Technical Amendment HB000302.atp. EXHIBIT(aph-7a09) Motion carried unanimously.

Motion/Vote: REP. TROPILA moved that HB 3 BE AMENDED. HB000301.aty. EXHIBIT(aph-7a10) Motion carried unanimously.

Motion/Vote: REP. KASTEN moved that HB 3 DO PASS AS AMENDED. Motion carried 12-6 with Representatives Buzzas, Callahan, Jayne, Kaufmann, Lindeen and Tropila voting no.

EXECUTIVE ACTION ON HB 12

Motion: REP. KASTEN moved that HB 12 DO PASS.

Discussion: Representatives Kaufmann, Buzzas, Callahan spoke against the legislation. Representatives Hedges, Haines, Kasten spoke in favor of the legislation.

Vote: Motion carried 12-6 with Representatives Buzzas, Callahan, Jayne, Kaufmann, Lindeen and Tropila voting no.

EXECUTIVE ACTION ON HB 1

Motion/Vote: REP. LEWIS moved that HB 1 DO PASS. Motion carried unanimously.

In response to a question from **Representative Pattison**, can this committee adopt a Bill that would forego legislative salaries in this session, **Valencia Lane, Legal Staff**, said she doesn't believe they can adopt a Bill that would voluntarily do such.

{Tape : 4; Side : A; Approx. Time Counter : 0 - 28.7}

Motion/Vote: REP. TROPILA moved that HB 2 BE AMENDED.
HB000204.aty **EXHIBIT**(aph-7a11) Motion carried unanimously.

Motion/Vote: REP. TROPILA moved that HB 2 BE AMENDED.
HB000205.aty **EXHIBIT**(aph-7a12) Motion carried unanimously.

Motion: REP. LINDEEN moved that HB 2 BE AMENDED as an amendment to amendment, HB000201.apj, to restrict the Forestry and Conservation Experiment Station and the Bureau of Mines and Geology .

Discussion: Representative Witt asked for the dollar amounts in the amendment. Representative Lewis said what Representative Lindeen is doing, is making sure they can't take any cuts in those programs so there is not a dollar amount involved. It simply protects them from the Board of Regents' reductions.

Representative Kaufmann said they should be funding the entire University System to a greater level so that all these programs can function without increasing tuition, so will resist the amendment to the amendment.

Vote: Lindeen Motion, Amendment to the Amendment, passed 16-2 with Representatives Buzzas and Kaufmann voting no.

Motion: REP. TROPILA moved that HB 2 BE AMENDED. HB000201.avl **EXHIBIT**(aph-7a13)

Discussion: Hank Hudson, Department of Public Health said he agrees with the amendment but would like to suggest that current cash benefits be added. Case loads are up so this money will help them, not only backfill and do what the amendment will do, but also provide a certain safety cushion.

Representative Witt referred to Mr. Hudson for further explanation. Mr. Hudson said when Welfare Reform was passed at the national level in 1995, part of the law said that Congress would set aside funds and provide incentives of bonuses to states that performed at the highest level. They did that because they wanted to send out incentives to states to meet the purpose of the Welfare Reform to put people to work. The state gets this payment.

Representative Kaufmann to Mr. Hudson with the question, if we did nothing at all in terms of this amendment, would these funds simply go to the general fund? Mr. Hudson said first of all they

would need to amend the budget. They are the same as the 2002 block grant and are governed by the same rules so they have to be used for TANF eligible purposes.

Representative McCann asked **Mr. Hudson** what supportive services mean? **Mr. Hudson** said supportive services is a term for funds that are available to workers who are working with poor families that can pay for whatever is necessary to help get them to work. In the past year, about 3/4 of the supportive service budget has been used to fix people's cars, or buy gasoline or tires. A lot is used for transportation purposes.

Discussion: In response to a question from **Representative McCann**, **Representative Kaufmann** said she believes these are some of the most creative and exciting programs with the potential to do the best job of getting people off welfare and back to the workforce.

Representative Lewis asked **Mr. Hudson** about case loads. **Mr. Hudson** said in April and May they were a little below their projections. Things were looking good. What they are doing now is looking week by week because they are so close on their benefits. It's a worry if they don't have money to pay the benefits.

Substitute Motion: **REP. KAUFMANN** made a substitute motion that **HB 2 BE AMENDED** to allow the funds to be spent in the **FAIM Phase II** programs and work development programs.

Pat Gervais, Legislative Fiscal Division, said it is her understanding that the **Kaufmann** substitute motion would put in a line item appropriation for these federal funds and the restriction would be that they could be used for anything that had been identified previously in **HB 2** as part of **FAIM Phase II** or for job training and educational programs.

Vote: **Kaufmann Substitute Motion failed 6-12.**

Vote: **Tropila Motion on Amendment HB000201.av1, EX. 13 carried unanimously.**

Motion:: **REP. PATTISON** moved that **HB 2 BE AMENDED**. **HB000204.alz**
EXHIBIT(aph-7a14)

{Tape : 4; Side : B; Approx. Time Counter : 0 - 28.9}

Discussion: **Representatives Lindeen, Buzzas** to **Representative Pattison** for clarification.

Vote: Pattison Amendment HB000204.alz carried unanimously.

Motion: REP. BUZZAS moved that HB 2 BE AMENDED HB000202.asc
EXHIBIT(aph-7a15).

Discussion: Representative Buzzas said, during the last legislative session, the legislature authorized approximately \$7 million in different areas to the Governor's Economic Development program. Some of that money was in the Department of Commerce and some was cut yesterday. There was \$850,000 allocated directly to the Governor's office for staff for the Economic Opportunity Program. This amendment would delete that program as it now stands, while maintaining funds to cover executive protection.

Taryn Purdy, Legislative Fiscal Division, said there were two appropriations to the Governor's Office for Economic Development. The first was the \$350,000 statutory appropriation. That was eliminated yesterday in Representative Kaufmann's amendment. The other is the \$850,000 that is the subject of this amendment. What is left in this amendment, one of the reductions that the Governor ordered, under 17-7-140 MCA, was a reduction in delay in the Washington, D.C. office, of three months. That was expected to save \$127,500. When that appropriation was eliminated yesterday, that was part of that appropriation so what Representative Buzzas wanted to do was leave that amount of money, that savings, in this appropriation to allow funds for the Governor's security and to allow, essentially, two months' salary for the pay off and the elimination of the office, because there are staff in there now.

In response to a question from Representative Lewis, Lynn Zanto, Legislative Fiscal Division, said there is funding left in there to pay for July and August salaries. Money would be left for the security for the remainder of the fiscal year and the costs of closing. Representative Lewis said the proposal would be a cut of about \$462,000 from the HB 2 appropriations.

Representatives Kasten, Sinrud, Haines, spoke against the amendment.

In response to a question from Representative Jayne concerning salaries, Director Swysgood said Director Dave Gibson's salary is \$95,000 and the other staff members are between \$40,000 and \$50,000. There are six staff members.

Representatives Lindeen and Kaufmann spoke in support of the amendment.

{Tape : 5; Side : A; Approx. Time Counter : 0 - 29.1}

Representative Buzzas closed.

Vote: Buzzas Amendment HB000202.asc failed 6-12.

Ms. Purdy, Legislative Fiscal Division, said in reference to the Motor Vehicle Division, the Committee is putting in the Committee Bill to transfer the money from the Motor Vehicle Account. You can replace the funding, if you want to pursue this and take the motion, you could replace the funding in the Department of Justice, Motor Vehicle Division, contingent upon passage of the other Bill that you have a Committee Bill in for. It would reduce the general fund in HB 2 by that amount.

Motion/Vote: REP. HEDGES moved that HB 2 BE AMENDED to take out the \$8 million in the Motor Vehicle Division contingent on passage and approval of the Committee Bill. Motion carried unanimously.

Representative Tropila offered EXHIBIT(aph-7a16) signatures from 24 senior citizens from Austin Hall, Great Falls to be placed in the record.

Motion: REP. LEWIS moved that HB 2 BE AMENDED Flex Fund reduction of \$2.6 million pending final review of the amendments adopted by Representatives Witt and Kaufmann. Representative Lewis withdrew this amendment.

Motion: REP. KASTEN moved a Conceptual Amendment that HB 2 BE AMENDED to suspend the interim committees for the remainder of FY 2003. There is \$60,000 from the Legislative Services Division that could be put in the Flex Fund.

Lois Menzies, Executive Director, Legislative Services Division said she does not understand the \$60,000 reduction would be considered to be an amount that would normally be reverted. They are on course to conclude their work by September 15. There are a number of statutory duties that are required. One is for the committees to review the executive branch legislation in order for it to be drafted. There is a requirement that the Director of Transportation Committee meets to prepare a resolution in preparation for the 2003 Session. There could be some contracts they negotiated to perform additional duties on behalf of the committees.

Representative Kasten withdrew his amendment.

In response to a request by Representative Witt, Director Swysgood said the reduction in the Flex Plan was part of the Administration's proposal to reach the \$45 million shortfall. That Flex Plan was created by the legislature last session. It was a one-time only proposal to allow school districts to match up to 25% of their Flex fund allocation with voted levy revenue. They made an original cut from the first round of 3 1/2% reductions they asked for and reduced that Flex Plan by about \$180,000.

Motion: REP. LEWIS moved that HB 2 BE AMENDED to recommend a reduction in the Flex Fund of \$2.6 million. That leaves \$2 million above the \$200,000 that the Budget Office kept in the fund.

{Tape : 5; Side : B; Approx. Time Counter : 0 - 29.1}

Vote: REP. LEWIS amendment passed 11-7 with Representatives Buzzas, Callahan, Haines, Jayne, Kaufmann, Lindeen and Tropila voted no.

Representative Lewis introduced a group of people who came from Missoula and Lola who have concerns about the Medicaid cut. They did not testify but Chairman Lewis wanted to acknowledge that they traveled here with their concerns.

ADJOURNMENT

Adjournment: 3:40 P.M.

REP. DAVE LEWIS, Chair

MARY LOU SCHMITZ, Secretary

DL/MS

EXHIBIT(aph-7aad)